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CENTRAL INTELLIGENCE AGENCY

101

27 August 1954

MEMORANDUM FOR THE INTELLIGENCE ADVISORY COMMITTEE

SUBJECT: NIE 11-4-54: Soviet Capabilities and Probable Soviet Courses of Action through Mid-1959

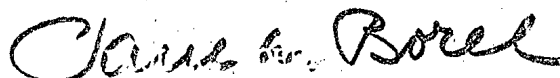
1. Attached are the revised Conclusions of NIE 11-4-54 as approved by the Board pursuant to a reconsideration of them by the IAC representatives on 27 August. This text supersedes the text circulated to you on 26 August.

2. These Conclusions, together with the text of the estimate dated 13 August, amended in accordance with the Corrigenda sheets circulated to your representatives, will be on the agenda of the IAC meeting scheduled for 10:45 Tuesday, 31 August.

3. Pursuant to past practice of releasing basic Soviet estimates, the Board recommends the release of NIE 11-4-54

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Action on release will be on the agenda of the 7 September meeting.



PAUL A. BOREL
Acting Assistant Director
National Estimates

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28 August 1954

SUBJECT: NIE 11-4-54: SOVIET CAPABILITIES AND PROBABLE COURSES
OF ACTION THROUGH MID-1959

THE PROBLEM

To estimate Soviet capabilities and probable courses of
action through mid-1959.

CONCLUSIONS

General

1. We believe that the stability and authority of the Soviet regime will not be significantly affected during the period of this estimate by conflicts for power or differences respecting policy within the ruling group. Any internal conflicts arising out of such developments would probably be resolved within the confines of the ruling group and the higher echelons of the Communist Party and would not lead to civil wars or disturbances of major proportions.

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2. The appearance of new leadership in Moscow has had no apparent effect on the character of relations between the USSR and its Satellite states in Eastern Europe. We believe that Soviet authority over the Satellite regimes will remain intact during the period of this estimate.

3. Communist China is more an ally than a Satellite of the USSR. It possesses some capability for independent action, possibly even for action which the USSR might disapprove but which it would find difficult to repudiate. We believe that despite potential sources of friction between the two powers arising from occasional conflicts of national interests, the cohesive forces in the relationship will be far greater than the divisive forces throughout the period of this estimate.

Economic

4. The rate of growth of the Soviet economy has declined in the past five years from the very high rate of the immediate postwar period. We estimate that during the next two years Soviet gross national product (GNP) will increase by about six or seven percent, and in 1956-1959 by about five or six percent, per year. If US GNP should increase during the period of this estimate at its long-range annual average of three percent, Soviet GNP would at the end of the period be about two-fifths of US, as compared with about one-third in 1953.

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5. The pattern of resource allocation in the Soviet economy in 1953 showed about 14 percent devoted to defense, 28 percent to investment, and 56 percent to consumption. Current economic programs indicate that for at least the next two years the amount of expenditure on defense, instead of continuing the rapid increase that prevailed in 1950-1952, will remain about the same, while expenditure on investment and consumption will increase. We believe the chances are better than even that the Kremlin will continue its policies along these lines throughout the period of this estimate. The chief emphasis will almost certainly continue to be on further development of heavy industry.

6. The chief weakness of the Soviet economy as a whole has been in agricultural production, which has remained since 1950 at approximately the prewar level, though the population is now about 10 percent greater than in 1940. Soviet leaders appear to have recognized that continuation of the serious lag in agriculture would ultimately make it difficult to meet the food requirements of the growing urban population, the raw material requirements of the expanding industrial economy, and the export requirements of Soviet foreign trade, in which agriculture plays a major role. To remedy the situation the regime has embarked on a vigorous program, with the aim of achieving by 1956 a 50 percent increase in agricultural production over 1950. We believe that this goal will not be met, and that even by 1959 agricultural production will be no more than 15 to 20 percent higher than

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in 1950. Even this increase, however, would be sufficient to achieve a moderate increase in the per capita availability of foodstuffs and textiles.*

Military

7. We believe that, generally speaking, the size of Soviet armed forces-in-being will remain approximately constant during the period of this estimate. The following are the most important developments which we believe will occur in Soviet armed strength during the period of this estimate:

- a. A great increase in numbers of nuclear weapons, and in the range of yields derived from these weapons;
- b. An increase in the number of all-weather fighters and jet medium bombers, and the introduction of jet heavy bombers in 1957;
- c. A great increase in the number of long-range submarines;
- d. An increase in combat effectiveness of Soviet Ground Forces, primarily due to improved weapons, equipment and organization, and to changes in doctrine and tactics designed to increase their capabilities for nuclear warfare.

* JIG reservation to this paragraph.

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8. The principal limitations of Bloc armed forces during the period of this estimate will be: deficiencies in experience, training, and equipment for long-range air operations and air defense; lack of capability to conduct long-range amphibious and naval operations; and the logistic problems, especially for operations in the Far East, arising from the size of Bloc territory and the relatively inadequate road and rail network and merchant fleet. The questionable political reliability of the Satellite armies places a significant limitation upon their military usefulness.

Probable Courses of Action

9. During the period of this estimate we believe that the Kremlin will try to avoid courses of action which in its judgment would clearly involve substantial risk of general war.* However, the USSR or one of the Bloc countries might take action creating a situation in which the US or its allies, rather than yield an important position, would decide to take counteraction involving grave risk of general war with the USSR. We believe, moreover, that the Kremlin would not be deterred by the risk of general war from taking counteraction against a Western action which it considered an imminent threat to Soviet security. Thus general war might occur during the period of this estimate as the climax of a series of actions and counter-

* G-2 reservation.

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actions, initiated by either side, which neither side originally intended to lead to general war.

10. The progress being made by the USSR in the development of nuclear weapons, and the increasing Soviet capability to deliver these weapons, are changing the world power situation in important respects. Soviet leaders almost certainly believe that as Soviet nuclear capabilities increase, the unwillingness of the US and its allies to risk general war will correspondingly increase, and that the Kremlin will therefore have greater freedom of action to promote its objectives without running substantial risk of general war. In any case, the USSR will probably be increasingly ready to apply heavy pressure on the non-Communist world upon any signs of major dissension or weakness among the US and its allies. Nevertheless, we believe that the Kremlin will be extremely reluctant to precipitate a contest in which the USSR would expect to be subjected to nuclear attack. The extent to which the Kremlin uses its increasing freedom of action will depend primarily on the determination, strength, and cohesiveness of the non-Communist world.

11. We believe that the USSR will continue to pursue its expansionist objectives and to seek and exploit opportunities for enlarging the area of Communist control. It will attempt to retain the initiative in international affairs and to capitalize on successes in order to keep the Free World on the defensive. In the near future, however, the Kremlin will almost certainly direct its external policies

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towards the immediate objectives of weakening and disrupting the mutual defense arrangements of non-Communist states, preventing or retarding the rearmament of Germany and Japan, undermining the economic and political stability of non-Communist states, and isolating the US from its allies and associates in Europe and Asia. At the same time it will continue to expand the industrial strength of the Bloc, and to maintain large modern forces-in-being as a guarantee of the integrity of the Bloc and as an instrument of intimidation in support of its policies abroad.

12. The Communists will vary the methods used to accomplish the foregoing aims and will time their actions so as to exploit situations that in their judgment offer the most favorable opportunities. For the time being, the Kremlin seems to feel that its foreign objectives will be best served by a generally conciliatory pose in foreign relations, by gestures of "peaceful co-existence" and proposals for mutual security pacts, by tempting proffers of trade, and by playing on the themes of peace and disarmament. The purpose of these tactics is to allay fear in some parts of the non-Communist world, to create the impression that there has been a basic change in Soviet policy, and thereby to destroy the incentive for Western defense and to undermine US policies. At the same time, however, the Communists continue to support and encourage nationalist and anticolonial movements, and to maintain their efforts to subvert governments outside the Bloc. We believe that the Kremlin will revert to more aggressive and threatening conduct whenever it feels that such conduct will bring increased

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returns. By such varieties and combinations of tactics the Soviet leaders almost certainly consider that they can improve the chances for further Communist strategic advances. We do not believe that such tactics indicate any change in basic Communist objectives, or that they would involve any substantial concessions on the part of the Kremlin.

13. We believe that Southeast Asia almost certainly offers, in the Communist view, the most favorable opportunities for expansion in the near future. The Communists will undoubtedly attempt to extend their gains in Indochina, and will probably expand their efforts to subvert neighboring countries by political infiltration and covert support of local insurrections. The aggressiveness with which the Communist pursue their objectives in this area will depend upon the vigor and effectiveness of non-Communist reaction. We do not believe, however, that the Communists will attempt to secure their objectives in Southeast Asia by the commitment of identifiable combat units of Chinese Communist armed forces.

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